

TO: Secretary Paige
FROM: Theresa S. Shaw, Chief Operating Officer, Federal Student Aid
RE: FSA Weekly Report
DATE: February 19, 2003

THE WEEK AHEAD

Status of Unprocessed Deobligations: February 17, was the deadline for us to put approximately 200 schools that participate in the Pell Grant and Campus-Based programs, but that have not resolved their unprocessed deobligations, on “stop pay” status. In November, we alerted over 700 schools of the deadline (by sending them a third and final warning letter). We continue to work with a number of schools, and we will not cut off cash to schools that show a good faith effort to resolve their unprocessed deobligations.

(An “unprocessed deobligation” results when the net amount of cash a school has drawn from Treasury exceeds the amount the school has fully supported. A school “supports” cash draws by sending ED the student disbursement records within the required timeframe. The records show the program funds as (1) being paid to eligible students or (2) returned as undisbursed cash.)

Draft Cohort Default Rates: February 18, the FY 2001 Draft Cohort Default Rates were scheduled to be mailed to schools. Approximately half of the schools are to receive their draft rates electronically.

KEY NEWS

PROGRAM INTEGRITY

1st Quarter Financials: The final versions of ED and FSA’s FY03 1st Quarter interim financial statements were scheduled to be completed on February 13 and transmitted to OMB on February 14.

GAO Direct Loan Program Audit: On February 12, ED and FSA staff met with GAO for an entrance conference on this audit. GAO’s objectives are to study the use of the Direct Loan program by students and institutions; the strategies used to provide quality service to them; the costs and benefits of the program; and what Congress can do to strengthen and improve the program.

NEW IT SOLUTIONS

Common Student ID: The team tasked with creating a “common” student ID that can be used across the various student aid programs is on track to provide an implementation approach by the end of April. The approach would then be incorporated into a detailed design for implementation in each of our systems. One of our contractors, Accenture, is drafting a white paper exploring the pros and cons of using Social Security numbers in the ID criteria.

STUDENT AID OPERATIONS

2003-04 Pell Grant Payment Schedules Delayed: Since the FY03 federal budget hasn't been approved yet, we cannot yet release the 2003-04 Pell Grant Payment Schedules. Working with OPE, we posted this notice on our Schools Web Portal (fsa4schools.ed.gov) and Information for Financial Aid Professionals (ifap.ed.gov) Web sites: "The Department has informed Congress that publication of the Federal Pell Grant Payment and Disbursement Schedules for 2003-04 will be delayed pending final congressional action to determine the maximum award amount." Several schools have called asking for the payment schedules.

Emergency Apportionment for Pell: Pell Operations received an allotment of \$1.2 billion from the FY03 Continuing Resolution for use in the 2002-03 Award Year. The allotment will cover the estimated shortfall for the rest of the year. ED Budget Services made the request for an emergency apportionment to OMB at our request and it was approved in record time.

Continuity of Operations Plan: We have reviewed our current Continuity of Operations Plan and determined it needs to be enhanced. We plan to augment the plan and include an early response approach as the first step.

FSAIC & College Goal Sunday: Federal Student Aid Information Center (1-800-4-FED-AID) Customer Service Representatives answered a record 4,870 calls on February 9. This is due in part to "College Goal Sunday" efforts. (See "Outreach" below.)

e-GOVERNMENT

One Millionth Online FAFSA: The new FAFSA season that started January 1 now has hit its peak. On February 16, we received our one millionth online FAFSA for the current processing cycle—the earliest we have ever hit the one million mark. (Last year, we received our one millionth online FAFSA on February 26.) We received more than 50,000 online FAFSAs on February 15 alone.

e-Gov/eLoans: The eLoans team drafted a Memo of Understanding between ED and the Labor Department to provide for the development of the eLoans Gateway as a sub-site of the GovBenefits.gov site. The agreement is being shared with the Labor's GovBenefits team for comment. Funding for the eLoans initiative is still being worked on by OM, ODS, and FSA.

OUTREACH

College Goal Sunday: As part of a partnership with the Tri-State Association of Student Financial Aid Administrators (ASFAA), several FSA staff volunteered for the 2nd annual College Goal Sunday. The event provides free assistance to students and families. This year, the volunteer financial aid professionals helped more than 1,400 students and families from Maryland, Delaware, and Washington, D.C., complete the FAFSA.

PUBLIC AFFAIRS

"Management Improvements" News Conference: On February 12, Secretary Paige and Deputy Secretary Hansen hosted a press conference to announce management improvements accomplished during this Administration. The Secretary announced ED and FSA earned an

unqualified audit opinion on our FY02 financial statements. COO Terri Shaw and MIT members Tom Pestka and Linda Paulsen also participated in the press conference.

ON THE HORIZON

GA Draft Default Rates: FY01 Draft Cohort Default Rates for guaranty agencies (GAs) are scheduled to be released in mid-February.

Spring Conference: FSA's 2003 Spring Conference will be held March 5-7 in Kansas City. Registration now stands at 984.

Default Prevention Program: The day before the Spring Conference convenes, FSA will host a special default prevention program for schools at or approaching one of the thresholds for losing Title IV participation eligibility due to high default rates. Personalized invitations were sent to the presidents of 73 schools. So far, 59 have registered for the program.

EZ-Audit: On April 1, this new Web-based system for schools to electronically submit their financial statements and compliance audits goes live. The system will replace the manual process that Case Management & Oversight currently uses to receive compliance audits and financial statements from schools.

CONTACT INFORMATION

Please contact Karen Santos Freeman at 377-4001 with any questions.